GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:236
ANSWERED ON:23.11.2006
LICENCE TO FOREIGN AUTOMOBILE COMPANIES
Rana Shri Kashi Ram

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the foreign automobile companies have applied for licence to start their plants in India;

(b) if so, the details thereof;

(c) the terms and conditions on which the Government agreed for setting up automobile plants in India by foreign companies; and

(d) the estimated revenue alongwith employment opportunity expected to be generated through it?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SMT. KANTI SINGH)

(a) Yes, Sir.

(b) to (d): The automotive industry was delicenced in 1991 except for motor car which was delicenced in 1993. In respect of delicenced industry/sector, all entrepreneurs are required to file Industrial Entrepreneur Memorandum (IEM) with Secretariat for Industrial Approval (SIA), Department of Industrial Policy & Promotion as per the prescribed procedure. Entrepreneurs are also required to obtain Industrial Licence under the provisions of the Industrial (Development & Regulation) Act 1951 to set up units in the automobile sector if the location of the project falls within 25 kilometer from the peripheri of a city having population of one million according to 1991 census. During the period from August,1991 to September, 2006, a total of 990 IEMs in the Transportation Sector (which includes automobile and auto components for both domestic and foreign) have been filed envisaging proposed investment of Rs.35,791 crore and proposed employment of 2,78,776 persons. During the same period, a total of 97 Letter of Intent/Direct licence have also been issued in the sector envisaging proposed investment of Rs.6114 crore and proposed employment of 36978 persons which include foreign companies. In the period between April, 2005 to October 2006, a total of 44 IEMs have been filed in the transportation sector envisaging a proposed investment of Rs.6941 crore and proposed employment of 19,655 persons which include prominent foreign companies like Komatsu India Pvt. Ltd., General India Motor Ltd., Skoda Auto India Pvt. Ltd. etc.